

Step 1: Figure out whether you and/or your life partner should have life insurance. The first thing you need to do is take the time to figure out how your income and expenses would change if either you or your life partner passed away. Using the worksheets on the following pages, figure out how your family budget would be different if one of you were to die. You'll also find these worksheets on the Protection Portfolio CD-ROM with a built-in calculator to make this process as easy as possible.

Using the "How Would a Death Change My Family Expenses?" worksheet, reflect on how your family expenses would change if either you or your life partner were to die. Most of your fixed household expenses would probably remain the same, since the survivor would still have to maintain the home (pay the mortgage, property taxes, gas and electric bills, homeowners insurance, and so on). Write the total amount for each of these expenses in both columns. Other kinds of expenses (clothing, food, medical, auto, and so forth), depending on the person, might increase or decrease. Write down the yearly total in each category for both you and your partner.

After you've compiled the information on your family expenses, take some time to figure out how your family's financial situation would change if your children were suddenly without one or both parents. For example, would the surviving parent have to go to work? Would that increase child-care costs? Could the remaining parent's income cover the financial goals you've set for your children's future, such as paying for their education? How much do you have saved right now? If you don't have enough, you'll need to consider these expenses as well.

HOW WOULD A DEATH CHANGE MY FAMILY EXPENSES?

	My Yearly Expenses	My Life Partner's Yearly Expenses
Mortgage/rent	_____	_____
Property taxes	_____	_____
Home maintenance/ condo fees	_____	_____
Home insurance	_____	_____
Utilities	_____	_____
Garbage removal	_____	_____
Telephone/cell phone	_____	_____
House cleaner	_____	_____
Gardening	_____	_____
Food	_____	_____
Medical/dental/ optometric	_____	_____
Veterinarian	_____	_____
Insurance	_____	_____
Auto expenses	_____	_____
Transportation	_____	_____
Clothes/shoes	_____	_____
Dry cleaning	_____	_____
Hair/manicure/facial	_____	_____
Alimony/child support	_____	_____
Kids' school/child care	_____	_____
Job training/education	_____	_____
Income taxes	_____	_____
Legal/accounting fees	_____	_____
Computers	_____	_____
Credit cards/loans	_____	_____
Bank/credit-union fees	_____	_____
Express mail/postage	_____	_____
Books/subscriptions	_____	_____
Entertainment	_____	_____
Cable TV	_____	_____
Sporting events	_____	_____
Seasonal expenses	_____	_____
Vacations	_____	_____
Hobbies	_____	_____
Donations	_____	_____
Gifts	_____	_____
Miscellaneous	_____	_____
Total	\$ _____	\$ _____

Next, fill in the “How Would a Death Change My Family Income?” worksheet and add up the amount of income you would still have coming in if either you or your partner were no longer able to contribute to the family budget.

HOW WOULD A DEATH CHANGE MY FAMILY INCOME?		
	My Yearly Income	My Life Partner's Yearly Income
Predictable bonuses	_____	_____
Alimony/child support	_____	_____
Disability income	_____	_____
Bond/interest income	_____	_____
Interest income	_____	_____
Dividend income	_____	_____
Yearly paychecks (after taxes/deductions)	_____	_____
Rental income	_____	_____
Gifts from parents (if you can count on them)	_____	_____
Loan repayments	_____	_____
Pension income	_____	_____
IRA income	_____	_____
Miscellaneous	_____	_____
Total	\$ _____	\$ _____

Now that you know how your family’s income and expenses would be affected if you or your life partner were to die, it’s time to figure out where, overall, your family would stand financially. How much would it take for the family to continue to live their current lifestyle? How much do you really have?

From the “How Would a Death Change My Family Income?” worksheet, copy your total yearly income and your life partner’s total yearly income into the “Where Would We Stand in Case of

a Death” box below. Next, from the “How Would a Death Change My Family Expenses?” worksheet, copy your total yearly expenses and your life partner’s total yearly expenses into the appropriate spaces on the “Where Would We Stand in Case of a Death” box. Now subtract your yearly expenses from your yearly income to determine your deficit or excess, and subtract your life partner’s yearly expenses from his or her yearly income to determine his or her deficit or excess.

WHERE WOULD WE STAND IN CASE OF A DEATH?					
My Yearly Income	\$	<input type="text"/>	Partner's Yearly Income	\$	<input type="text"/>
minus (–)			minus (–)		
My Yearly Expenses	\$	<input type="text"/>	Partner's Yearly Expenses	\$	<input type="text"/>
Difference	\$	<input type="text"/>	Difference	\$	<input type="text"/>
(yearly deficit or excess)			(yearly deficit or excess)		

Please answer yes or no to the following:

	YES	NO
Do you, or does your life partner, have a deficit?	<input type="checkbox"/>	<input type="checkbox"/>
If either you or your life partner were to die, would the survivor be unable to maintain the household expenses without going into debt?	<input type="checkbox"/>	<input type="checkbox"/>
If either you or your life partner were to die, would the survivor be unable to achieve your financial goals for your family?	<input type="checkbox"/>	<input type="checkbox"/>

If you answered no to all of the above, then you don't need life insurance. You may want some for peace of mind, but you don't need it—and there's a big difference between needing and wanting life insurance. If, however, you answered yes to any of the preceding questions, then you *do* need life insurance to protect yourself and your loved ones.